



**NATIONAL
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INDUSTRIES
ASSOCIATION**

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February 12, 2008

Department of the Interior
Minerals Management Service
381 Elden Street
Mail Stop 4024
Herndon, VA 20170-4817

ATTN: Regulations and Standards Branch (RSB)
RIN 1010-AD29

RE: Royalty Relief for Deepwater Outer Continental Shelf Oil and Gas
leases – Conforming Regulations to Court Decision (72 Fed. Reg.
72652, December 21, 2007).

Dear Sir or Madam:

The National Ocean Industries Association (NOIA) appreciates the opportunity to respond to your request for comments on the proposed rule amending deepwater royalty relief regulations to conform to the decision of the United States Court of Appeals for the Fifth Circuit in *Santa Fe Snyder Corp., et al. v. Norton*. NOIA is the only national trade association representing all segments of the offshore energy industry. Our 300 member companies are engaged in activities ranging from drilling to producing, engineering to marine and air transport, offshore construction to equipment manufacture and supply, and telecommunications to finance and insurance. Either directly or indirectly, we are all working to explore for and produce energy resources from the nation's Outer Continental Shelf (OCS) in an environmentally sensitive manner. The proposed regulation, therefore, is of particular importance to us.

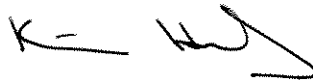
The proposed rule would amend 30 CFR parts 260 and 203 to comply with the decision that section 304 of the Deepwater Royalty Relief Act requires that royalty suspension volumes apply in full to each lease, and not jointly to all leases in the field where the lease is located. Part 260 would be modified to remove references to prior production on the field to which a lease is assigned. The rule would remove

paragraphs on procedures for notification, determination of royalty suspension volumes, and having more than one royalty suspension volume on a lease. Further, it would change the reference from “fields” to “each eligible lease,” and would remove references to eligible leases establishing an royalty suspension volume for a field. Finally, all of the provisions for allocation of royalty suspension volumes among multiple leases on a field would be deleted, since they would no longer be needed. Part 203 would be amended to delete references to “eligible leases,” would change the sharing rule for purposes of consistency, and would remove the eligible leases from the section that discusses how to allocate royalty suspension volumes on a field. In accordance with the court decision, the proposed rule would be retroactive.

NOIA supports the proposed rule. It will make the regulations of the Minerals Management Service consistent with the statute and court decision, preventing future confusion and uncertainty in the regulatory process.

Thank you again for considering our comments on the proposed rulemaking. If you have any questions or need additional information, please feel free to contact Kim Harb at (202)347-6900.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Harb', with a stylized flourish at the end.

Kim Harb